

FY15 Stockland Results Presentation

Delivering sustainable growth



Stockland

Agenda

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Strategy delivering strong results

- EPS growth of 7.8% and FFO per security growth of 13.0%, reflecting consistent implementation of our strategy, together with supportive market conditions
- Solid performance from all business divisions:
 - Strongest specialty store growth in four years
 - Residential settlements up 12.6%
 - 19.9% growth in Retirement Living profit
- Distribution of 24.0c, payout ratio 93% of underlying profit
- Statutory profit includes \$297m Commercial Property revaluation gain and circa \$80m gross profit on realisation of Australand holding
- Maintained strong balance sheet

	FY15	FY14	Change
Statutory Profit	\$903m	\$527m	71.4%▲
Statutory Earnings per security	38.5 cents	22.8 cents	68.9%▲
Underlying Profit ¹	\$608m	\$555m	9.4%▲
Underlying Earnings per security	25.9 cents	24.0 cents	7.8%▲
Distribution per security	24.0 cents	24.0 cents	-
Funds from Operations (FFO) ²	\$657m	\$573m	14.7%▲
FFO per Security	28.0 cents	24.8 cents	13.0%▲
Net Tangible Assets per security	\$3.68	\$3.53	4.2%▲
Gearing (D/TTA)	23.4%	25.0%	
Return on Equity ³	9.9%	8.8%	

1. Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of the Directors and Management, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance. Underlying Profit is the basis on which distributions are determined. Refer to Annual Financial Report for the complete definition

2. Funds from Operations (FFO) is determined with reference to the PCA guidelines

3. Return on Equity accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the 12 month period. Excludes workout and other.

FY15 Achievements - Grow asset returns



\$425m retail development underway at 13.5% IRR and next wave has grown to **\$1.1bn**

↑4.8% comparable FFO from CP portfolio



Activated **14,000** residential lots at target margins



Record RL development activity

500

homes under construction or completed at **16% IRR**



Record residential contracts on hand

↑17% on FY14



DISCIPLINED INVESTMENT

Acquired **\$125m** Retail and L&BP assets delivering **7.6%** yields¹

Acquired **4,000** residential lots in eastern seaboard metropolitan locations

1. FFO incremental yield, excludes development land

FY15 Achievements - Grow customer base



1. TenSAT score produced by Monash University
2. AMR Research conducted on behalf of Stockland
3. Average Customer Satisfaction amongst customers who have placed a deposit with us

FY15 Achievements - Operational excellence

 <p>OPERATIONAL EXCELLENCE in carbon intensity reductions</p> <p>>\$60m savings from FY06</p>	<p>LEADER IN SUSTAINABILITY</p> <p>#2 Globally </p> <p> G R E S B Green Star 2014</p> <p> Caloundra South awarded 6 STAR GREENSTAR Communities PILOT 2015 rating</p>	 <p>Launched with \$8m¹</p> <p>CHARITY PARTNERS</p>  	 <p>WGEA Employer of Choice for Gender Equality</p> <p>85% Employee Engagement, ABOVE GLOBAL norm³</p>  <p>Achieved PROCUREMENT SAVINGS Ahead of time and budget</p>
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1.Capital commitment
2.Average across the retail portfolio
3.Towers Watsons Global High Performing Norm

Group Finance – Tiernan O'Rourke

Shellharbour, NSW, Australia's largest single rooftop solar system



Stockland

Strong improvement in both Underlying Profit and FFO

\$m	Underlying Profit				Funds from Operations			
	FY15	FY14	Change %	Comp. Growth %	FY15	FY14	Change %	Comp. Growth %
Retail	351	347	1.3%	4.2%▲	379	369	2.6%	4.8%▲
Logistics & Business Parks	120	100	20.1%	3.1%▲	131	108	21.0%	5.1%▲
Office	64	70	(8.8%)	6.4%▲	78	85	(8.9%)	4.2%▲
Commercial Property net overhead costs	(18)	(20)	13.2%		(18)	(20)	13.2%	
Total Commercial Property	517	497	4.0%	4.3%▲	570	542	5.1%	4.8%▲
Residential Communities	166	95	73.5%		166	95	73.5%	
Retirement Living	48	40	19.9%		48	40	19.9%	
Other	2	27	nm		2	27	nm	
Unallocated corporate overheads	(60) ¹	(52)	(16.7%)		(60) ¹	(52)	(16.7%)	
Net Interest	(69)	(79)	12.6%		(69)	(79)	12.6%	
Tax benefit	4	27	(86.1%)		-	-	-	-
Group Profit	608	555	9.4%		657	573	14.7%	
Group (cents per security)	25.9	24.0	7.8%		28.0	24.8	13.0%	

All figures are rounded to nearest million, unless otherwise stated. Percentages are calculated based on the figures rounded to one decimal place throughout this presentation

1. Includes restructuring cost of \$6m (before tax) for an outsourcing project

FFO to Statutory Profit

\$m	FY15	FY14	Change
Group Funds From Operations (“FFO”)	657	573	▲14.7%
Adjust for:			
Amortisation of fit out incentives	(45)	(37)	
Amortisation of rent-free incentives	(16)	(15)	
Straight-line rent	8	7	
Tax benefit on Underlying Profit	4	27	
Underlying Profit	608	555	▲9.4%
Commercial Property revaluations ¹	297	119	
Change in fair value of Retirement Living investment properties	7	(50)	
Impairment of IT intangibles and Retirement Living goodwill	(43)	(23)	
Mark to market loss on financial instruments	(39)	(69)	
Net gain on sale of other financial assets	73 ²	35	
Net loss on sale of other non-current assets	(2)	(6)	
Tax benefit/(expense) on Statutory Profit adjustments	2	(34)	
Statutory Profit	903	527	▲71.4%

1. FY15 includes stapling adjustment related to owner-occupied space of \$5m (FY14; \$1m)

2. Includes sale of Australand holding

FY15 Achievements - Capital strength



Australia's first
corporate
GREEN BOND



Diversification
of funding
sources



**LOWER
COST**
of debt



Maintained rating:
A- CREDIT for
over **ten years**

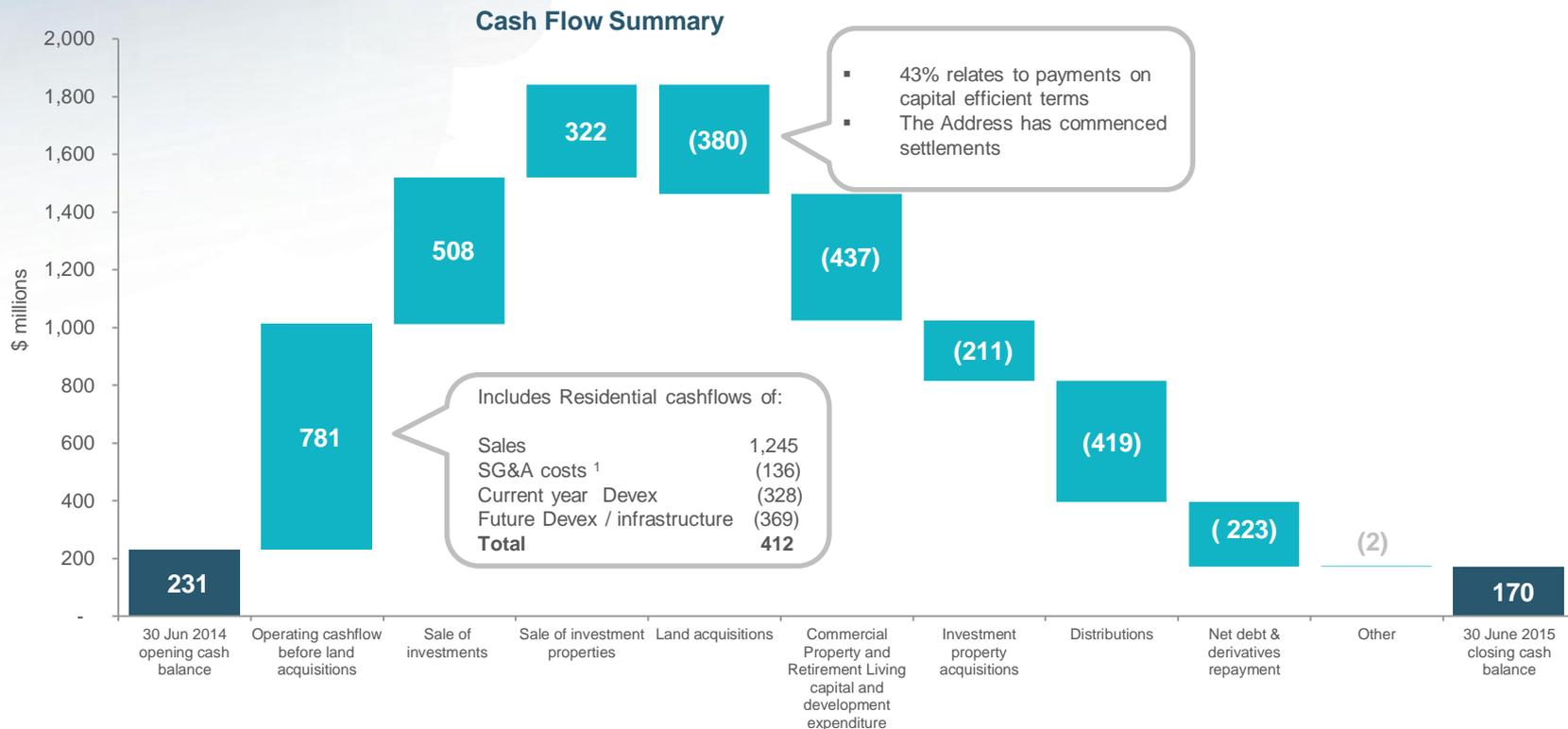
**SYSTEMS
ENHANCEMENT/
OPTIMISATION**

5.31 Long dated
YEARS weighted average
debt maturity

Hedge rates reduced by 1.8% over the next five years

1. Pro forma following new average 12 year USPP

Investing cash in future growth



1. Includes variable costs of commissions and marketing

Maintaining a strong balance sheet

- A-/stable metrics maintained
- Focus on diversifying funding sources
- Consistent interest cover ratio
- New average 12 year duration USPP settled post 30 June, pro forma weighted average debt maturity of 5.3 years
- Executed new swaps, including to fix the rate on the new USPP, lowering future interest costs
- Expect FY16 average cost of debt ~ 6.0%

Key debt metrics

	FY15	FY14
S&P rating	A-/Stable	A-/Stable
Drawn debt ¹	\$3.1b	\$3.3b
Cash on deposit	\$0.2b	\$0.2b
Available undrawn committed debt facilities	\$0.6b	\$0.8b
Gearing (net debt/total tangible assets) ²	23.4%	25.0%
Interest cover	4.0:1	3.9:1
Weighted average debt maturity	4.6 yrs	5.2 yrs
Pro forma weighted average debt maturity	5.3 yrs	5.2 yrs
Debt fixed/hedged as at period end	72%	59%
Weighted average cost of debt (WACD) for period ³	6.2%	6.3%
Weighted average cost of debt at 30 June ³	6.0%	6.2%

1. Excludes bank guarantees of \$0.2b, drawn debt in equity accounted joint ventures and cash on deposit of \$0.2b

2. Debt = Interest bearing debt (\$3,134m) + Stockland's share of debt drawn in joint ventures (\$74m) + transaction costs (\$8m) – Cash \$170m

TTA = Total assets \$13,089m + Stockland's share of assets held by joint ventures (\$74m) – Cash (\$170m)

3. The impact on WACD of bank guarantee and insurance bond fees is 10bps

Commercial Property

Wetherill Park, NSW



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Commercial Property: Sustainable returns

Sustainable profit growth

- Comparable FFO growth of 4.8% with strong results across all asset classes

Retail sales improving

- Total MAT up 4.5%, driven by 7% growth in specialties
- Growth categories in comparable specialty sales include:
 - Fast casual dining / food catering ▲ 4.9%
 - Retail services ▲ 5.5%
 - Communication & technology ▲ 24.3%
 - Homewares ▲ 10.4%
- Comparable specialty sales of \$8,998 per square metre⁵ ▲ 3.8%, and exceeds Urbis average by 12.6%

	Asset values (\$m) ¹	FFO (comparable change)	Total Underlying Profit (comparable change)	WALE (years)	Occupancy ² (stable assets)	WACR ³	ROA
Retail	6,087	▲ 4.8%	▲ 4.2%	6.6	99.5%	6.5%	8.2%
L&BP	1,699	▲ 5.1%	▲ 3.1%	4.7	94.3%	8.0%	8.6%
Office	1,041	▲ 4.2%	▲ 6.4%	4.5	95.4%	7.4%	8.6%
Total	8,827	▲ 4.8%	▲ 4.3%			6.9%	8.4%

Sales by Category ⁴	Total MAT Growth %	Comparable MAT Growth %
Total Portfolio	4.5%	2.6%
Specialties	7.0%	4.6%
Supermarkets	3.1%	1.8%
DDS/DS	2.2%	(0.2%)
Mini-Majors and Other	5.5%	3.8%

1. This is consistent with the Property Portfolio, which excludes capital works in progress and sundry properties, Townsville Kingsvale and Sunvale (Qld)

2. Retail occupancy based on area, Office and Logistics & Business Parks occupancy based on income

3. Weighted average capitalisation rate

4. Sales data includes all Stockland managed retail assets – including UPF and joint venture assets

5. Sales per sqm adjusted for moving lettable area (MLA). MLA reflects comparable sales per sqm adjusted for total number of days the store has traded in the full year, if trading for less than two years

Retail: Accretive development pipeline

Retail development activity progressing as planned

- Baldivis (WA): Opened 2H15, fully leased. \$20m enhanced value recognised in FY15
- Wetherill Park (NSW): Stage One opened March 2015, trading strongly, stages two and three to open 2H16
- Glasshouse (NSW): Repositioning to international brands, including flagship major H&M
- Point Cook (Vic): new Woolworths supermarket and retail, opened August 2015
- 18 new anchor leases executed, underpinning higher valuations

Revolution and evolution:

- Two DAs secured; two new DAs submitted
- ~\$45m centre enhancements to drive incremental returns, including
 - Jesmond Aldi and fast casual dining precinct
 - Rockhampton fast casual dining precinct
 - Wendouree mini-major remixing
 - Shellharbour Town Square cafes and larger format stores

1. FFO incremental yield

2. Estimated unlevered 10 year IRR on incremental development from completion

Under construction	Total spend (\$m)	Stabilised yield ¹	Incremental IRR ²
Baldivis	116	8.0%	~13.0%
Wetherill Park	222	7.3%	~14.0%
Glasshouse (50%)	12	8.5%	~18.0%
Point Cook	24	5.6%	~12.0%
Harrisdale	51	7.8%	~11.2%
Total	425		

Future development pipeline of \$1.1b

Retail: Continuing to achieve positive leasing spreads

- Strong leasing momentum continues:
 - Positive leasing spreads of 3.2%
 - 211 project leases executed in FY15
 - No incentives on renewals

91% of specialty leases have fixed 4-5% annual reviews

Retail leasing activity ¹	FY15	FY14
Occupancy ²	99.5%	99.6%
Tenant retention	64%	71%
Average rental growth ³ on total lease deals	3.2%	2.5%
Total lease deals ⁴	799	734
Specialty occupancy cost ratio	14.3%	14.0%
Renewals: Number	296	208
Area (sqm)	37,078	27,683
Rental growth ³	3.1%	2.4%
New Leases: Number	182	278
Area (sqm)	20,310	41,311
Rental growth ³	3.2%	2.6%
Incentives: Months ⁵	7.7	8.6
As % of rent over lease term ⁶	10.6%	11.7%

1. Excludes UPF assets. Metrics relate to stable assets unless otherwise stated
 2. Occupancy reflects stable assets and differs from Property Portfolio which includes all assets
 3. Rental growth on an annualised basis
 4. Includes project leases

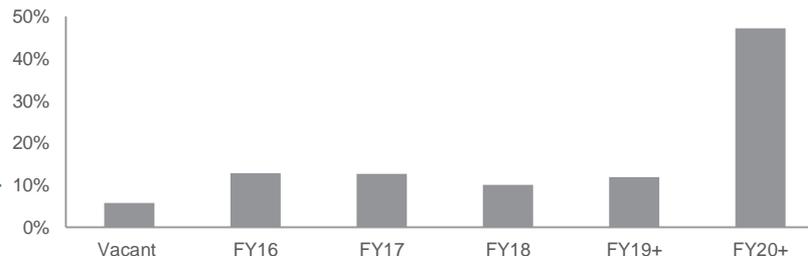
5. Represents the cash contribution made towards the retailer's fit outs, expressed in equivalent months of net rent
 6. Incentive capital as a percentage of total rent over the primary lease term only

Logistics & Business Parks: Activating growth strategy

- Over 180,000 square metres of leasing activity
- Disciplined acquisition strategy, three new assets at Botany and Warwick Farm (NSW), and Laverton North (Vic)
 - Yields of over 7.6%³ and with development opportunity
- Development momentum across the portfolio:
 - Pre-commitment for over 10,000 sqm at Oakleigh
 - \$350m development pipeline
- Fully integrated in house team

Logistics & Business Parks	FY15	FY14
Leasing activity executed	142,600 sqm	349,600 sqm
Leasing activity under HOA ¹	40,800 sqm	16,700 sqm
Average rental growth on total lease deals	(0.9%)	(1.3%)
Portfolio occupancy ²	94.3%	96.4%
Portfolio WALE ²	4.7 yrs	4.9 yrs

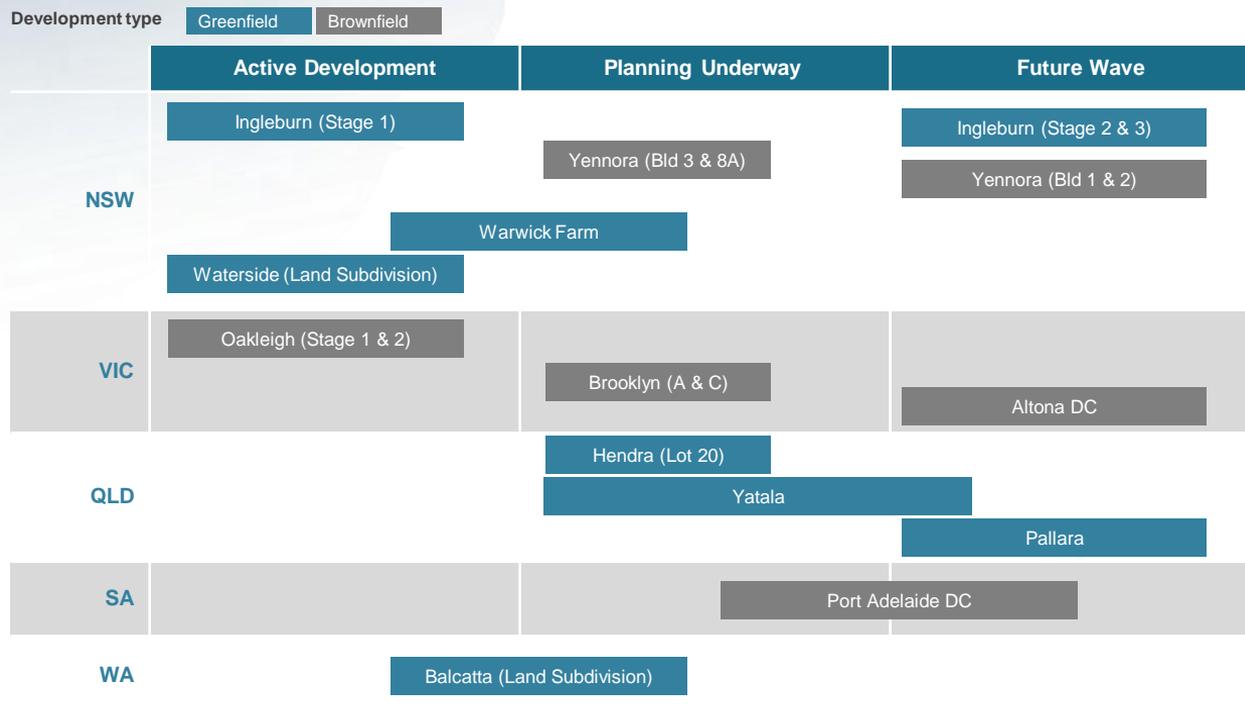
Logistics & Business Parks Lease Expiry Profile²



76% of portfolio has fixed rent reviews of 3-4% per annum

1. As at 30 June
 2. By income
 3. Initial FFO Yield – excludes development land

L&BP: Growing & activating the development pipeline



Target returns
 11% - 14% IRR (Greenfield)
 7% - 8% incremental yield (FFO)

DA approvals received
 Ingleburn (Stage 1)
 Waterside
 Yatala (Stage 1)
 Port Adelaide
 Toll Drive

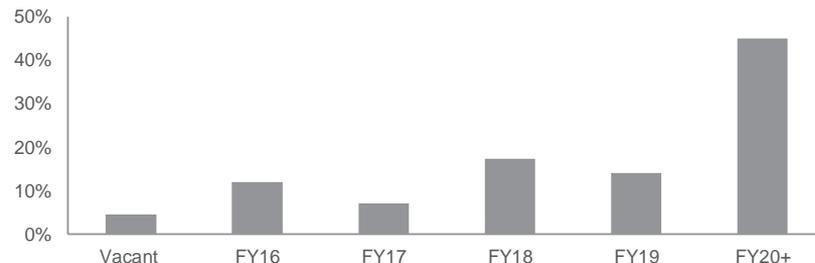
DA approvals submitted
 Warwick Farm
 Oakleigh
 Yatala (Stage 2)

Office: Tactical allocation, optimising returns

- Maintained positive leasing momentum
- Tactically overweight improving Sydney office market, our assets close to fully occupied
- Brisbane, Perth and ACT CBDs remain challenging, incentives still rising
- 601 Pacific Highway fully leased post upgrade
- Conditional exchange of Waterfront Place and Eagle St Pier, Brisbane

Office	FY15	FY14
Leasing activity executed	40,100 sqm	39,700 sqm
Leasing activity under HOA ¹	3,600 sqm	6,500 sqm
Average rental growth on total lease deals	(2.5%)	2.4%
Portfolio occupancy ²	95.4%	90.3%
Portfolio WALE ²	4.5 yrs	4.5 yrs

Office Lease Expiry Profile²



1. As at 30 June
2. By income

Residential – Andrew Whitson

Isles of Newport, Brisbane



Residential Communities: Driving sustainable returns

- Significant increase in operating profit and ROA, driven by market conditions and new projects
- Record contracts on hand, production constraints will continue to limit settlement volumes in FY16
- Disciplined and strategic restocking; acquired around 4000 lots in metropolitan locations - majority contribute profits within two years:
 - Schofields, Sydney
 - The Address, Melbourne
 - Isles of Newport, Brisbane
 - Ivanhoe, Melbourne
 - Clyde North, Melbourne
- Lower superlot sales reflects strategy to develop medium density

Residential Communities	FY15	FY14	Change
Lots settled	5,876	5,219	12.6%▲
Revenue – Retail	\$1,194m	\$964m	23.9%▲
– Superlots ¹	\$51m	\$78m	(34.2%)▼
EBIT (before interest in COGS)	\$290m	\$244m	19.0%▲
EBIT margin	23.3%	23.4%	
Operating Profit	\$166m	\$95m	73.5%▲
Operating Profit margin	13.3%	9.1%	
ROA – total portfolio	12.7%	5.8%	▲
ROA – core portfolio ²	17.0%	12.2%	▲

Residential community sales



1. 30 superlot settlements in FY15; 40 superlot settlements in FY14. FY15 includes the disposal of impaired projects Lake Kawana (Qld) and Bayswood (NSW)

2. Core excludes impaired projects

3. Of the 3,742 contracts on hand as at June 30, 2015, 3,510 are due to settle in FY16, and 232 are due to settle in FY17

Residential Communities: Operating profit margin improvement

- Improved project mix has been driven by new launch projects
- Project rate increase reflects margin growth above feasibility levels in some locations
- Overheads have been amortised across higher lot sales
- On track to achieve operating profit margin target of 14% by FY16, maintaining around this level medium term

Residential Communities FY15	Core	Workout ¹	Total
Lots settled	5,493	383	5,876
Revenue	\$1,146m	\$99m	\$1,245m
Revenue	92%	8%	100%
EBIT	\$260m	\$30m	\$290m
EBIT margin	22.7%	30.2%	23.3%
Operating Profit	\$166m	-	\$166m
Operating Profit margin	14.5%	-	13.3%
Remaining lots	94%	6%	100%
Number of projects ²	46	15	61
ROA	17.0%	(4.1%)	12.7%

Residential Communities Operating Profit Margin



1. Includes all impaired projects

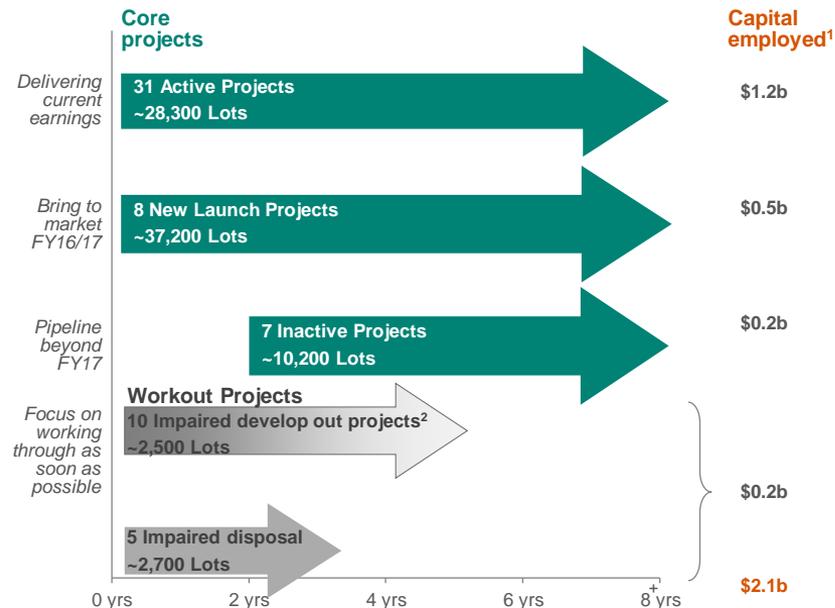
2. Excludes two active projects that are 99% complete

3. 30 superlot settlements in FY15; 40 superlot settlements in FY14. FY15 includes the disposal of impaired projects Lake Kawana (Qld) and Bayswood (NSW)

Residential Communities: Growing assets and customers

Significant progress in activating our portfolio:

- Launched three projects with 14,000 lots in FY15: The Grove, The Address and Cloverton, all in Melbourne
- Five projects with over 23,000 lots will launch in FY16:
 - Schofields, Sydney
 - Isles of Newport, Brisbane
 - Caloundra South, SE Queensland
 - Pallara, Brisbane
 - Ivanhoe, Melbourne
- Broadening customer reach through medium density, over 500 dwellings commencing construction in FY16; margins from FY17 onwards in line with residential operating profit
- Continuing to work through impaired projects, no increase in impairment provision



1. Based on net funds employed as at 30 June 2015

2. ~64% of impaired develop out projects expected to be completed in five years

Residential Communities: Market overview

FY15 Stockland Summary

State	FY15 settlement volumes (%change over FY14)	Comments on our settlements in FY15
NSW	45%▲	Strong lift from Willowdale and commencement of Elara settlements in FY15.
Vic	44%▲	Strong contributions from all active projects and the launch of The Address in FY15.
Qld	5%▲	Improving market conditions at Sunshine Coast, offset by projects nearing completion.
WA	(8%)▼	Volume reduction driven by delays in approvals at Sienna Wood and projects nearing completion.

2016 market outlook

State	Vacant land sales volumes	Vacant land prices	Comments on market outlook
NSW	↑	↑	Demand remains strong and available stock low as production constrains sales. Annual price growth has now surpassed established market. Price growth expected to moderate as affordability is tested.
Vic	↔	↑	Volumes to stabilise near current high levels, supported by strong population growth. While levels of competition remain high, available stock is falling, supporting moderate price growth.
Qld	↑	↑	Improved relative affordability to increase demand via recovery in interstate migration. Price growth continues to lag NSW and Victoria to date in both established and vacant land markets.
WA	↓	↓	Weak short term economic outlook expected to lead to further moderation in sales volumes. Only moderate decline in prices expected as market pulls back production and inventory remains manageable.

Retirement Living – Stephen Bull

Cardinal Freeman, NSW



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Retirement Living: Delivering growth

- Significant uplift in operating profit and ROA:
 - Increased volumes, particularly for developments
 - Increased turnover cash per unit - price growth, contract mix and product type
 - Margin expansion and focus on operating efficiency
 - Active management of portfolio
- 25% increase in total reservations on hand, driven by increased development activity

Net reservations³



1. Includes established villages and new developments

2. Margin shown is pre-overheads

3. Includes reservations from South Australian acquisitions

Total Portfolio	FY15	FY14	Change
EBIT	\$54m	\$45m	19.8% ▲
Operating Profit	\$48m	\$40m	19.9% ▲
Transaction value ¹	\$333m	\$321m	3.7% ▲
Occupancy	94.4%	94.9%	▼
ROA	5.3%	4.5%	▲

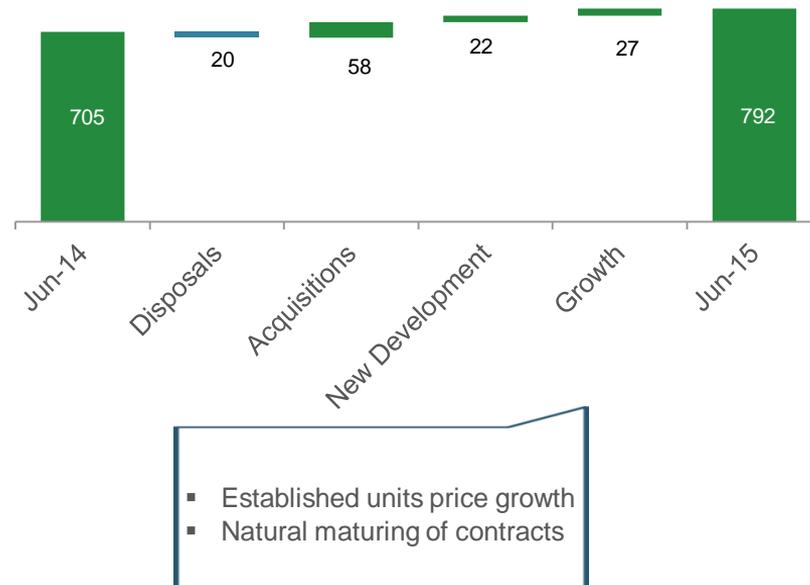
Established portfolio	FY15	FY14	Change
Average re-sale price	\$329k	\$314k	4.8% ▲
Turnover cash per unit	\$84k	\$75k	11.1% ▲
Turnover cash margin ²	25.4%	24.0%	▲
Established settlements	663	647	2.5% ▲
Reservations on hand ³	132	115	14.8% ▲

Development portfolio	FY15	FY14	Change
Average price per unit	\$413k	\$389k	6.1% ▲
Average margin ²	15.9%	15.8%	▲
Development settlements	282	262	7.6% ▲
Reservations on hand ³	119	85	40.0% ▲

Retirement Living: Active management driving returns

- Development remains a key focus in improving returns
 - 500 homes under construction or completed
 - Cardinal Freeman Apartments stage 1 fully reserved, stage 2 to launch this half
- Actively managing our Retirement Living portfolio:
 - Capital recycling – sale of two villages and acquisition of accretive SA portfolio with development opportunities
 - Land sales for aged care and associated uses
- Continuum of care – aged care under construction at Cardinal Freeman, planning under way in other locations
- Improved operating efficiency - reduced renovation downtime by 50% and cost by 20% over last two years
- ROA expected to continue to grow

Growth in DMF valuation (\$m)



Summary and Outlook – Mark Steinert

Wetherill Park, NSW

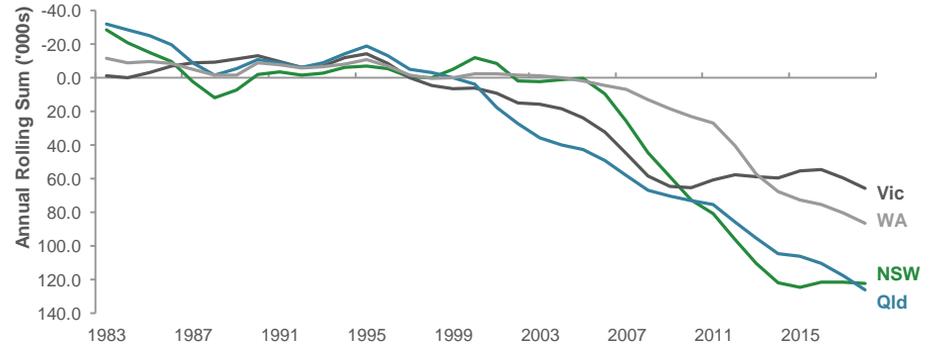


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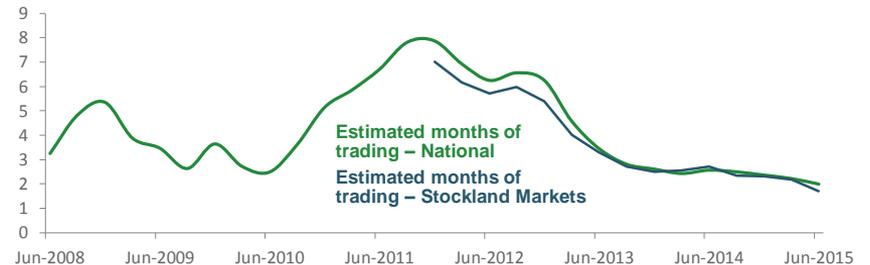
Positive outlook for our businesses

- Moderate economic growth is expected to continue to underpin commercial property demand
- Residential market fundamentals remain sound albeit individual markets are variable
- Stockland's residential business is well positioned
 - High geographic diversification
 - Low supply in our corridors
 - Strong focus on affordability
 - Owner occupiers represent 74% of our buyer mix
 - Conservative approach to margin recognition

Large housing undersupply remains¹



Land Supply - only two months of trading at current levels²

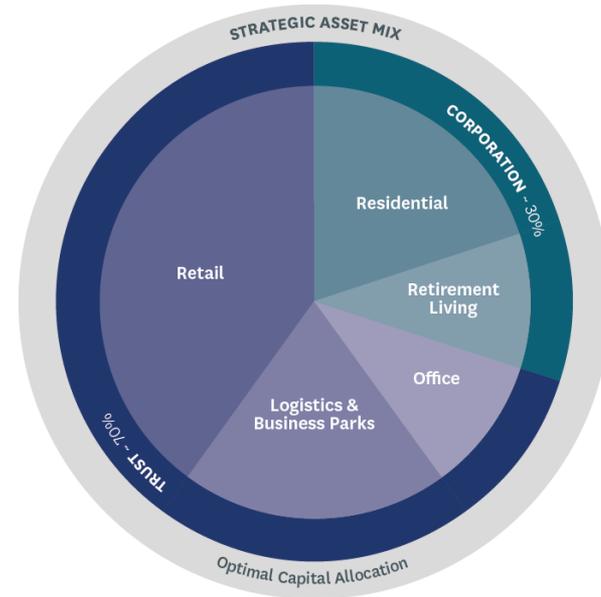


1. ANZ Economics

2. National Land Survey Program June Qtr 2015, Charter Keck Cramer

FY16 outlook

- Underlying EPS growth of 6-7.5% and FFO per security growth of 8.5-10%, assuming no material change in market conditions, targeted for FY16. Underpinned by:
 - Settlements of around 6,000 residential lots
 - Improving residential margins to around 14% from strategic initiatives and favourable market conditions
 - Commercial Property comparable NOI growth of 2-3% and comparable FFO growth of 3-4%
 - Benefits to flow from reshaping portfolio and growing development pipeline in Retirement Living
- FY16 DPS targeted at 24.5¹ cents, within new target range of 80-90% of Underlying Profit
- Portfolio well positioned for sustainable long term growth and value creation



Five year indicative asset mix

1. Assuming no material change in market conditions

Stockland Corporation Limited

ACN 000 181 733

Stockland Trust Management Limited

ACN 001 900 741; AFSL 241190

As a responsible entity for Stockland Trust

ARSN 092 897 348

25th Floor

133 Castlereagh Street

SYDNEY NSW 2000



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